Required Supplementary Information

Budgetary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2005
(expressed in thousands)

	General Fund			
	Original Budget 2003-05 Biennium	Final Budget 2003-05 Biennium	Actual 2003-05 Biennium	Variance with Final Budget
Budgetary fund balance, July 1	$ 404,581	$ 404,581	$ 404,581	$ -
Resources:				
Taxes	22,791,756	22,830,612	23,158,534	327,922
Licenses, permits, and fees	156,491	155,089	154,486	(603)
Other contracts and grants	477,517	533,271	525,943	(7,328)
Timber sales	8,600	8,600	8,562	(38)
Federal grants-in-aid	10,630,943	11,271,670	10,726,343	(545,327)
Charges for services	78,120	89,321	92,718	3,397
Interest income	65,240	65,240	54,607	(10,633)
Miscellaneous revenue	86,885	103,589	87,175	(16,414)
Transfers from other funds	297,642	672,040	830,136	158,096
Total Resources	34,997,775	36,134,013	36,043,085	(90,928)
Charges to appropriations:				
General government	2,297,684	2,685,210	2,616,620	68,590
Human services	17,118,189	17,588,984	17,416,619	172,365
Natural resources and recreation	456,814	525,584	489,730	35,854
Transportation	54,139	57,521	53,640	3,881
Education	14,176,517	14,291,867	14,213,990	77,877
Capital outlays	244,073	275,637	115,289	160,348
Transfers to other funds	99,884	99,874	251,182	(151,308)
Total Charges to appropriations	34,447,300	35,524,677	35,157,070	367,607
Excess available for appropriation Over (Under) charges to appropriations	550,475	609,336	886,015	276,679
Reconciling Items:				
Changes in reserves (net)	-	-	(91,848)	(91,848)
Entity adjustments (net)	-	-	75,492	75,492
Total Reconciling Items	-	-	(16,356)	(16,356)
Budgetary Fund Balance, June 30	$ 550,475	$ 609,336	$ 869,659	$ 260,323

Budgetary Information
Budgetary Comparison Schedule
Budget to GAAP Reconciliation
General Fund
For the Fiscal Year Ended June 30, 2005
(expressed in thousands)

	General Fund
Sources/inflows of resources	
Actual amounts (budgetary basis) "Total Resources" from the Budgetary Comparison Schedule	$ 36,043,085
Differences - budget to GAAP:	
The following items are inflows of budgetary resources but are not revenue for financial reporting purposes:	
Transfers from other funds	(830,136)
Budgetary fund balance at the beginning of the year	(404,581)
The following items are not inflows of budgetary resources but are revenue for financial reporting purposes:	
Noncash commodities and electronic food stamp benefits	1,056,547
Unanticipated receipts	157,698
Noncash revenues	75,492
Revenues collected for other governments	55,644
Biennium total revenues	36,153,749
Fiscal Year 2004 total revenues	(17,609,936)
Total revenues (GAAP basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 18,543,813
Uses/outflows of resources	
Actual amounts (budgetary basis) "Total Charges to Appropriations" from the Budgetary Comparison Schedule.	$ 35,157,070
Differences - budget to GAAP:	
Budgeted expenditure transfers are recorded as expenditures in the budget statement but are recorded as other financing source (use) for financial reporting purposes.	(1,583,744)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(251,182)
The following items are not outflows of budgetary resources but are recorded as current expenditures for financial reporting purposes.	
Noncash commodities and electronic food stamp benefits	1,056,547
Expenditures related to unanticipated receipts	157,698
Capital lease acquisitions	20,568
Distributions to other governments	55,644
Biennium total expenditures	34,612,601
Fiscal Year 2004 total expenditures	(16,880,133)
Total expenditures (GAAP basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 17,732,468

Budgetary Information

Notes to Required Supplementary Information

General Budgetary Policies and Procedures

The Governor is required to submit a budget to the state Legislature no later than December 20 of the year preceding odd-numbered year sessions of the Legislature. The budget is a proposal for expenditures in the ensuing biennial period based upon anticipated revenues from the sources and rates existing by law at the time of submission of the budget. The Governor may additionally submit, as an appendix to the budget, a proposal for expenditures in the ensuing biennium from revenue sources derived from proposed changes in existing statutes.

The appropriated budget and any necessary supplemental budgets are legally required to be adopted through the passage of appropriation bills by the Legislature and approved by the Governor. Operating appropriations are generally made at the fund/account and agency level; however, in a few cases, appropriations are made at the fund/account and agency/program level. Operating appropriations cover either the entire biennium or a single fiscal year within the biennium. Capital appropriations are biennial and are generally made at the fund/account, agency, and project level.

The legal level of budgetary control is at the fund/account, agency, and appropriation level, with administrative controls established at lower levels of detail in certain instances. The accompanying budgetary schedules are not presented at the legal level of budgetary control. This is due to the large number of appropriations within individual agencies that would make such a presentation in the accompanying financial schedules extremely cumbersome. Section 2400.121 of the GASB Codification of Governmental Accounting and Financial Reporting Standards provides for the preparation of a separate report in these extreme cases. For the state of Washington, a separate report has been prepared for the 2003-05 Biennium to illustrate legal budgetary compliance. Appropriated budget versus actual expenditures, and estimated versus actual revenues and other financing sources (uses) for appropriated funds at agency and appropriation level are presented in Report CAF1054 for governmental funds. A copy of this report is available at the Office of Financial Management, 6639 Capitol Boulevard, PO Box 43113, Olympia, Washington 98504-3113.

Legislative appropriations are strict legal limits on expenditures/expenses, and overexpenditures are prohibited. All appropriated and certain nonappropriated funds are further controlled by the executive branch through the allotment process. This process allocates the expenditure/expense plan into monthly allotments by program, source of funds, and object of expenditure. According to statute RCW 43.88.110(2), except under limited circumstances, the original allotments are approved by the Governor and may be revised on a quarterly basis and must be accompanied by an explanation of the reasons for significant changes. Because allotments are not the strict legal limit on expenditures/expenses, the budgetary schedules presented as required supplementary information (RSI) are shown on an appropriation versus actual comparison rather than an allotment versus actual comparison.

Proprietary funds typically earn revenues and incur expenses (i.e., depreciation or budgeted asset purchases) not covered by the allotment process. Budget estimates are generally made outside the allotment process according to prepared business plans. These proprietary fund business plan estimates are adjusted only at the beginning of each fiscal year.

Additional fiscal control is exercised through various means. OFM is authorized to make expenditure/expense allotments based on availability of unanticipated receipts, mainly federal government grant increases made during a fiscal year. State law does not preclude the over expenditure of allotments, although RCW 43.88.110(3) requires that the Legislature be provided an explanation of major variances.

Operating encumbrances lapse at the end of the applicable appropriation. Capital outlay encumbrances lapse at the end of the biennium unless reappropriated by the Legislature in the ensuing biennium. Encumbrances outstanding against continuing appropriations at fiscal year end are reported as reservations of fund balance.

Budgetary Reporting versus GAAP Reporting

Governmental funds are budgeted materially in conformance with GAAP. However, the presentation in the accompanying budgetary schedules is different in certain respects from the corresponding Statements of Revenues, Expenditures, and Changes in Fund Balance (governmental operating statement). In the accompanying budgetary schedules, budget and actual expenditures are reported only for appropriated activities. Expenditures are classified based on whether the appropriation is from the operating or capital budget. Expenditures funded by operating budget appropriations are reported as current expenditures classified by the function of the agency receiving the appropriation. Expenditures funded by capital budget appropriations are reported as capital outlays.

However, in the governmental operating statements, all governmental funds are included and expenditures are

classified according to what was actually purchased. Capital outlays are fixed asset acquisitions such as land, buildings, and equipment. Debt service expenditures are principal and interest payments. Current expenditures are all other governmental fund expenditures classified based on the function of the agency making the expenditures.

Additionally, certain governmental activities are excluded from the budgetary schedules because they are not appropriated. These activities include: activities designated as nonappropriated by the Legislature, such as the Higher Education Special Revenue Fund, Higher Education Endowment Fund, Tobacco Settlement Securitization Bond Debt Service Fund, federal surplus food commodities, electronic food stamp benefits, capital leases, note proceeds, and resources collected and distributed to other governments.

Further, certain expenditures are appropriated as operating transfers. These transfers are reported as operating transfers on the budgetary schedules and as expenditures on the governmental operating statements. The factors contributing to the differences between the Budgetary Comparison Schedule and the Statement of Revenues, Expenditures, and Changes in Fund Balance are noted in the previous Budget to GAAP reconciliation.

Budgetary Fund Balance includes the following as reported on the Governmental Funds Balance Sheet: Unreserved, undesignated fund balance; and Reserved for encumbrances.

Pension Plan Information

Public Employees' Retirement System - Plan 1

Schedule of Funding Progress

Valuation Years 2004 through 1999 (dollars in millions)

	2004	2003	2002	2001	2000	1999
Actuarial Valuation Date	9/30/2004	9/30/2003	9/30/2002	9/30/2001	12/31/2000	12/31/1999
Actuarial Value of Plan Assets	$ 9,928	$ 10,227	$ 10,757	$ 10,990	$ 11,111	$ 10,456
Actuarial Accrued Liability	12,855	12,692	12,560	12,088	11,695	11,636
Unfunded Actuarial Liability	2,927	2,465	1,803	1,098	584	1,180
Percentage Funded	77%	81%	86%	91%	95%	90%
Covered Payroll	863	945	1,023	1,085	1,132	1,184
Unfunded Actuarial Liability as a Percentage of Covered Payroll	339%	261%	176%	101%	52%	100%

Source: Washington State Office of the State Actuary

Teachers' Retirement System - Plan 1

Schedule of Funding Progress

Valuation Years 2004 through 1999 (dollars in millions)

	2004	2003	2002	2001	2000	1999
Actuarial Valuation Date	9/30/2004	9/30/2003	9/30/2002	9/30/2001	6/30/2000	6/30/1999
Actuarial Value of Plan Assets	$ 8,728	$ 9,086	$ 9,365	$ 9,342	$ 9,372	$ 8,696
Actuarial Accrued Liability	10,401	10,325	10,235	9,895	9,566	9,529
Unfunded Actuarial Liability	1,673	1,239	869	553	194	833
Percentage Funded	84%	88%	91%	94%	98%	91%
Covered Payroll	616	692	741	800	957	984
Unfunded Actuarial Liability as a Percentage of Covered Payroll	272%	179%	117%	69%	20%	85%

Source: Washington State Office of the State Actuary

Pension Plan Information

Law Enforcement Officers' and Fire Fighters' Retirement System- Plan 1

Schedule of Funding Progress

Valuation Years 2004 through 1999 (dollars in millions)

	2004	2003	2002	2001	2000	1999
Actuarial Valuation Date	9/30/2004	9/30/2003	9/30/2002	9/30/2001	12/31/2000	12/31/1999
Actuarial Value of Plan Assets	$ 4,666	$ 4,803	$ 5,095	$ 5,369	$ 5,440	$ 5,150
Actuarial Accrued Liability	4,266	4,275	4,259	4,153	4,002	4,125
Unfunded (Assets in Excess of)						
Actuarial Liability	(400)	(528)	(836)	(1,216)	(1,438)	(1,025)
Percentage Funded	109%	112%	120%	129%	136%	125%
Covered Payroll	64	71	80	87	95	106
Unfunded Actuarial Liability as a						
Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A

Source: Washington State Office of the State Actuary

Judicial Retirement System

Schedule of Funding Progress

Valuation Years 2004 through 1999 (dollars in millions)

	2004	2003	2002	2001	2000	1999
Actuarial Valuation Date	9/30/2004	9/30/2003	9/30/2002	9/30/2001	12/31/2000	12/31/1999
Actuarial Value of Plan Assets	$ 4	$ 6	$ 8	$ 10	$ 10	$ 9
Actuarial Accrued Liability	89	91	92	92	93	94
Unfunded Actuarial Liability	85	85	84	82	83	85
Percentage Funded	4%	7%	9%	11%	11%	10%
Covered Payroll	2.4	2.6	3.0	3.0	4.0	4.0
Unfunded Actuarial Liability as a						
Percentage of Covered Payroll	3542%	3269%	2800%	2733%	2075%	2125%

Source: Washington State Office of the State Actuary

Pension Plan Information

Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund

Schedule of Funding Progress

Valuation Years 2004 through 1999 (dollars in millions)

	2004	2003	2002	2001	2000	1999
Actuarial Valuation Date	12/31/2004	12/31/2003	12/31/2002	12/31/2001	12/31/2000	12/31/1999
Actuarial Value of Plan Assets	$ 120	$ 120	$ 124	$ 129	$ 126	$ 118
Actuarial Accrued Liability*	115	112	110	99	96	98
Unfunded (Assets in Excess of)						
Actuarial Liability	(5)	(8)	(14)	(30)	(30)	(20)
Percentage Funded	104%	107%	113%	130%	131%	120%
Covered Payroll**	N/A	N/A	N/A	N/A	N/A	N/A
Unfunded Actuarial Liability as a						
Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A

* Pension plan liability only - excludes Relief benefits.

**Covered Payroll is not presented because it is not applicable since this is a volunteer organization.

Source: Washington State Office of the State Actuary

Judges' Retirement Fund

Schedule of Funding Progress

Valuation Years 2004 through 1999 (dollars in millions)

	2004	2003	2002	2001	2000	1999
Actuarial Valuation Date	9/30/2004	9/30/2003	9/30/2002	9/30/2001	12/31/2000	12/31/1999
Actuarial Value of Plan Assets	$ 4.4	$ 4.5	$ 4.7	$ 4.9	$ 4.7	$ 4.4
Actuarial Accrued Liability	4.7	5.2	5.5	6.0	6.1	6.4
Unfunded Actuarial Liability	0.3	0.7	0.8	1.1	1.4	2.0
Percentage Funded	94%	87%	85%	82%	77%	69%
Covered Payroll	0.0	0.0	0.1	0.1	0.1	0.1
Unfunded Actuarial Liability as a						
Percentage of Covered Payroll	N/A	N/A	800%	1100%	1400%	2000%

Source: Washington State Office of the State Actuary

Pension Plan Information

Schedules of Contributions from Employers and Other Contributing Entities

For the Fiscal Years Ended June 30, 2005 through 2000

	2005	2004	2003	2002	2001	2000
Public Employees' Retirement System - Plan 1 (expressed in millions)						
Employers' Annual Required Contribution	$ 340.3	$ 295.1	$ 228.9	$ 164.3	$ 118.8	$ 199.2
Employers' Actual Contribution	22.4	22.8	56.6	68.6	181.7	200.2
Percentage Contributed	7%	8%	25%	42%	153%	101%
Public Employees' Retirement System - Plan 2/3 (expressed in millions)						
Employers' Annual Required Contribution	$ 227.7	$ 192.6	$ 141.7	$ 72.0	$ 55.6	$ 103.6
Employers' Actual Contribution	74.7	69.4	38.2	51.0	115.0	101.9
Percentage Contributed	33%	36%	27%	71%	207%	98%
Teachers' Retirement System - Plan 1 (expressed in millions)						
Employers' Annual Required Contribution	$ 224.3	$ 185.7	$ 153.4	$ 119.8	$ 90.6	$ 176.1
Employers' Actual Contribution	8.8	11.4	20.4	59.5	141.3	183.0
Percentage Contributed	4%	6%	13%	50%	156%	104%
Teachers' Retirement System - Plan 2/3 (expressed in millions)						
Employers' Annual Required Contribution	$ 117.4	$ 96.2	$ 79.5	$ 66.7	$ 40.4	$ 56.2
Employers' Actual Contribution	33.8	29.9	18.2	46.4	69.6	75.3
Percentage Contributed	29%	31%	23%	70%	172%	134%
School Employees' Retirement System - Plan 2/3 (expressed in millions)						
Employers' Annual Required Contribution	$ 64.0	$ 52.3	$ 44.2	$ 19.5	$ 6.7	**
Employers' Actual Contribution	10.2	9.1	6.2	11.3	19.9	**
Percentage Contributed	16%	17%	14%	58%	297%	**

Source: Washington State Office of the State Actuary

The Annual Required Contribution (ARC) changes each year with the experience of the plans. Factors influencing the experience include changes in funding methods, assumptions, plan provisions, and economic and demographic gains and losses. The methods used to derive the ARC for this accounting disclosure are different from that used to derive the actual contributions required by law. These differences include the use of different actuarial valuations (actual contributions may be based on an earlier valuation), and different actuarial cost methods. For these reasons the actual contributions will not match the Annual Required Contributions.

** SERS did not exist prior to 9/1/2000

Pension Plan Information

Schedules of Contributions from Employers and Other Contributing Entities

For the Fiscal Years Ended June 30, 2005 through 2000

	2005	2004	2003	2002	2001	2000
Law Enforcement Officers' and Fire Fighters' Retirement System - Plan 1 (expressed in millions)						
Employers' Annual Required Contribution	$ -	$ -	$ -	$ -	$ -	$ 6.3
Employers' Actual Contribution	-	-	0.1	0.1	0.1	6.3
Percentage Contributed	N/A	N/A	N/A	N/A	N/A	100%
State Annual Required Contribution	-	-	-	-	-	-
State Actual Contribution	-	-	-	-	-	-
Percentage Contributed	N/A	N/A	N/A	N/A	N/A	N/A
Law Enforcement Officers' and Fire Fighters' Retirement System - Plan 2 (expressed in millions)						
Employers' Annual Required Contribution	$ 48.5	$ 41.5	$ 34.1	$ 26.2	$ 20.3	$ 26.9
Employers' Actual Contribution	32.8	30.8	25.6	24.0	31.5	26.2
Percentage Contributed	68%	74%	75%	92%	155%	97%
State Annual Required Contribution	32.3	27.7	22.7	17.5	13.5	18.0
State Actual Contribution	21.3	20.2	16.4	15.6	20.9	17.1
Percentage Contributed	66%	73%	72%	89%	155%	95%
Washington State Patrol Retirement System (expressed in millions)						
Employers' Annual Required Contribution	$ 3.4	$ 2.6	$ -	$ -	$ -	$ -
Employers' Actual Contribution	-	-	-	-	-	-
Percentage Contributed	0%	0%	N/A	N/A	N/A	N/A

N/A indicates data not available.

Source: Washington State Office of the State Actuary

The Annual Required Contribution (ARC) changes each year with the experience of the plans. Factors influencing the experience include changes in funding methods, assumptions, plan provisions, and economic and demographic gains and losses. The methods used to derive the ARC for this accounting disclosure are different from that used to derive the actual contributions required by law. These differences include the use of different actuarial valuations (actual contributions may be based on an earlier valuation), and different actuarial cost methods. For these reasons the actual contributions will not match the Annual Required Contributions.

Pension Plan Information

Schedules of Contributions from Employers and Other Contributing Entities

For the Fiscal Years Ended June 30, 2005 through 2000

	2005	2004	2003	2002	2001	2000
Judicial Retirement System (expressed in millions)						
Employers' Annual Required Contribution	$ 21.7	$ 18.5	$ 16.2	$ 14.2	$ 13.3	$ 12.5
Employers' Actual Contribution	6.2	6.2	6.2	6.2	7.3	7.3
Percentage Contributed	29%	34%	38%	44%	55%	58%
Judges' Retirement Fund (expressed in millions)						
Employers' Annual Required Contribution	$ 0.1	$ 0.2	$ 0.1	$ 0.2	$ 0.2	$ 0.3
Employers' Actual Contribution	0.5	0.5	0.3	0.3	0.8	0.8
Percentage Contributed	500%	250%	300%	150%	400%	267%
Volunteer Fire Fighters' and and Reserve Officers' Relief and Pension Fund (expressed in millions)						
Employers' Annual Required Contribution	$ 0.7	$ 0.8	$ 0.8	$ 0.8	$ 0.7	$ 0.7
Employers' Actual Contribution	0.7	0.8	0.8	0.8	0.7	0.7
Percentage Contributed	100%	100%	100%	100%	100%	100%
State Annual Required Contribution	1.8	1.5	0.7	-	-	0.1
State Actual Contribution	4.4	4.4	3.3	3.3	3.3	2.7
Percentage Contributed	244%	293%	471%	N/A	N/A	2700%

N/A indicates data not available.

Source: Washington State Office of the State Actuary

The Annual Required Contribution (ARC) changes each year with the experience of the plans. Factors influencing the experience include changes in funding methods, assumptions, plan provisions, and economic and demographic gains and losses. The methods used to derive the ARC for this accounting disclosure are different from that used to derive the actual contributions required by law. These differences include the use of different actuarial valuations (actual contributions may be based on an earlier valuation), and different actuarial cost methods. For these reasons the actual contributions will not match

Pension Plan Information

Notes to the Required Supplementary Information
Defined Benefit Pension Plans

For the Fiscal Year Ended June 30, 2005

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated below. Additional information as of the latest valuation follows.

	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3	SERS Plan 2/3
Valuation Date	9/30/2004	9/30/2004	9/30/2004	9/30/2004	9/30/2004
Actuarial Cost Method	entry age	aggregate***	entry age	aggregate***	aggregate***
Amortization Method					
Funding	level %	n/a	level %	n/a	n/a
GASB	level $	n/a	level $	n/a	n/a
Remaining amortization period (closed)	7/1/07-6/30/24	n/a	9/1/07-6/30/24	n/a	n/a
Asset valuation method	8-year graded smoothed fair value*	8-year graded smoothed fair value*	8-year graded smoothed fair value*	8-year graded smoothed fair value*	8-year graded smoothed fair value*
Actuarial assumptions:					
Investment Rate of Return	8.00%	8.00%	8.00%	8.00%	8.00%
Projected Salary Increases					
Salary Inflation at 4.5%, plus the merit increases described below:					
initial salary merit (grades down to 0%)	6.1%	6.1%	6.2%	6.2%	7.0%
merit period (years of service)	17 yrs	17 yrs	17 yrs	17 yrs	17 yrs
Includes inflation at		3.50%		3.50%	3.50%
Cost of living adjustments	Uniform COLA** Gainsharing COLA**	CPI increase, maximum 3%	Uniform COLA** Gainsharing COLA**	CPI increase, maximum 3%	CPI increase, maximum 3%

N/A indicates data not applicable.

* Asset Valuation Method (8 year smoothed fair value): The actuarial value of assets is calculated under an adjusted market value method by starting with the market value of assets. For subsequent years the actuarial value of assets is determined by adjusting the market value of assets to reflect the difference between the actual investment return and the expected investment return during each of the last 8 years or, if fewer, the completed years since adoption, at the following rates per year (annual recognition):

Annual Gain/Loss			Annual Gain/Loss		
Rate of Return	Smoothing Period	Annual Recognition	Rate of Return	Smoothing Period	Annual Recognition
15% and up	8 years	12.50%	6-7%	2 years	50.00%
14-15%	7 years	14.29%	5-6%	3 years	33.33%
13-14%	6 years	16.67%	4-5%	4 years	25.00%
12-13%	5 years	20.00%	3-4%	5 years	20.00%
11-12%	4 years	25.00%	2-3%	6 years	16.67%
10-11%	3 years	33.33%	1-2%	7 years	14.29%
9-10%	2 years	50.00%	1% and lower	8 years	12.50%
7-9%	1 year	100.00%			

The actuarial value of assets is subject to a 30% market value corridor, so it will lie between 70% and 130% of the market value of assets.

LEOFF Plan 1	LEOFF Plan 2	VFFRPF
9/30/2004	9/30/2004	12/31/2004
entry age	aggregate***	entry age
level %	n/a	level $
level $	n/a	level $
6/30/2024	n/a	12/31/2017
8-year graded smoothed fair value*	8-year graded smoothed fair value*	4-year smoothed fair value
8.00%	8.00%	8.00%
11.7% 21 yrs	11.7% 21 yrs	n/a
3.50% CPI increase	3.50% CPI increase, maximum 3%	n/a none

** The Uniform COLA and Gainsharing COLA.
Generally, all retirees over age 66 receive an increase in their monthly benefit at least once a year.
The Gainsharing COLA is added every even-numbered year if certain extraordinary investment gains are achieved. In 1998 it was $0.11. On 1/1/2000 it was $0.28 per year of service. On 1/1/2002 and 1/1/2004 no Gainsharing COLA was added.

The Uniform COLA increase is added every July. The next Uniform COLA amount is calculated as the last Uniform COLA amount plus any Gainsharing COLA amount, all increased by 3%.
On 7/1/2000, it was ($0.77+$0.28)x1.03 = $1.08. On 7/1/2001, it was ($1.08+$0.00)x1.03 = $1.11.
On 7/1/2002, it was ($1.11+$0.00)x1.03 = $1.14. On 7/1/2003, it was ($1.14+$0.00)x1.03 = $1.18.
On 7/1/2004, it was ($1.18+$0.00)x1.03 = $1.21. On 7/1/2005, it was ($1.21 = $0.00)x 1.03 = $1.25.

*** The aggregate cost method does not identify or separately amortize unfunded actuarial liabilities.
**** The method is pay-as-you-go for the funding of JRS and Judges.

Information about Infrastructure Assets Reported Using the Modified Approach

Condition Assessment

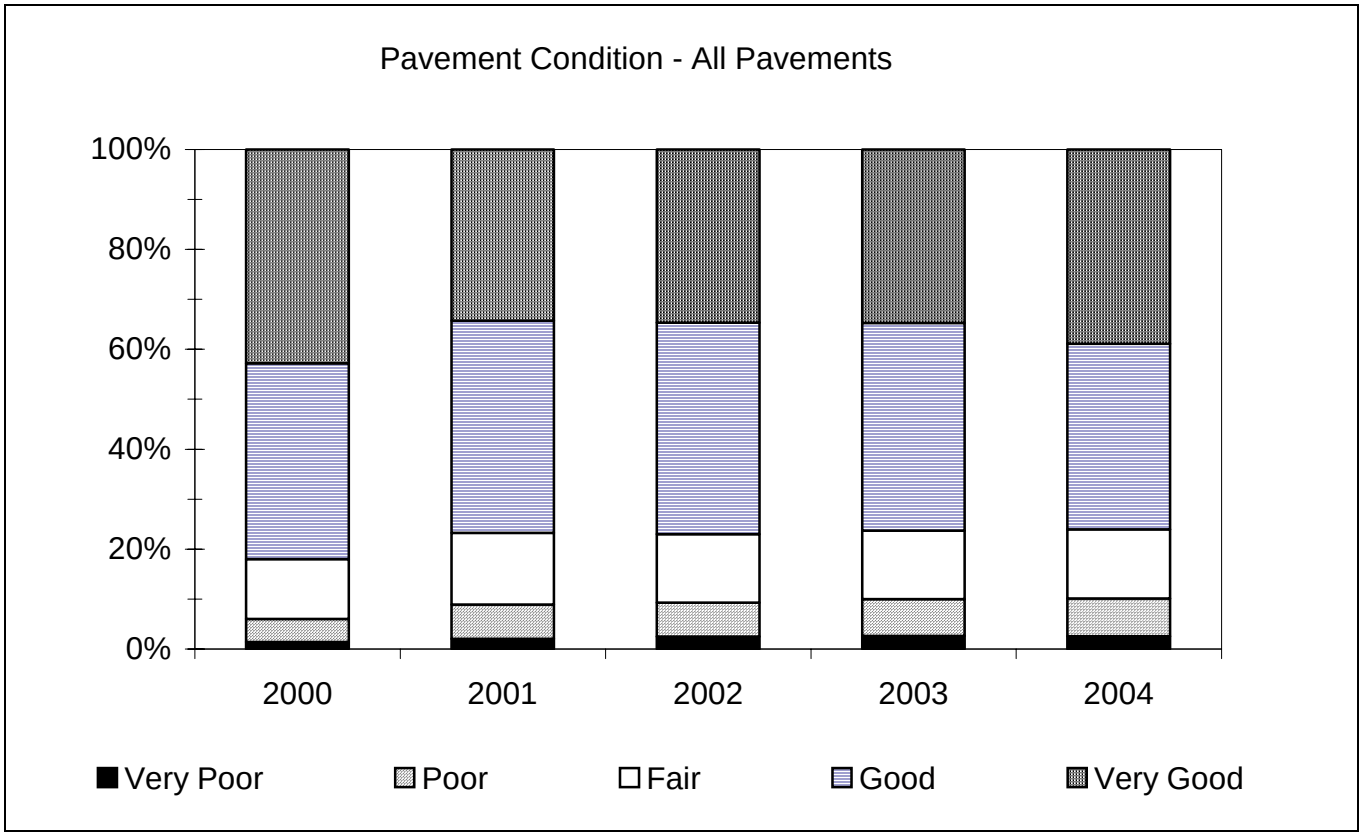
Pavement Condition

The Washington State Department of Transportation (WSDOT) owns and maintains 20,003 lane miles of highway, including ramps, collectors and special use lanes. Special use lanes include High Occupancy Vehicle (HOV), climbing, chain-up, holding, slow vehicle turnout, two-way turn, weaving/speed change, bicycle, transit, truck climbing shoulder, turn and acceleration lanes. Special use and ramp/collector lane miles make up 1,688 of the total lane miles. There are approximately 69 lane miles under construction.

WSDOT has been rating pavement condition since 1969. Pavement rated in *good* condition is smooth and has few defects. Pavement in *poor* condition is characterized by cracking, patching, roughness and rutting. Pavement condition is rated using three factors: Pavement Structural Condition (PSC), International Roughness Index (IRI), and Rutting.

In 1993 the Legislature required WSDOT to rehabilitate pavements at the Lowest Life Cycle Cost (LLCC), which has been determined to occur at a PSC range between 40 and 60, or when triggers for roughness or rutting are met. The trend over the last five years has shown that the percentage of pavements in poor or very poor condition has remained fairly stable at 9 to 10% except in 2000 when it was at 6%. WSDOT uses LLCC analysis to manage its pavement preservation program. The principles behind LLCC are basic – if rehabilitation is done too early, pavement life is wasted; if rehabilitation is done too late, very costly repair work may be required, especially if the underlying structure is compromised. WSDOT continually looks for ways to best strike the balance between these two basic principles.

While the goal for pavements is zero miles in 'poor' condition, marginally good pavements may deteriorate into poor condition during the lag time between assessment and actual rehabilitation. As a result, a small percentage of marginally good pavements will move into the 'poor' condition category for any given assessment period.



The Department of Transportation manages State Highways targeting the LLCC per the Pavement Management System due date. While the department has a long-term goal of no pavements in poor condition (a pavement condition index less than 40, on a 100 point scale), the current policy is to maintain 90 percent of all highway pavement types at a pavement condition index of 40 or better with no more than 10 percent of its highways at a pavement condition index below 40. The most recent assessment found that State Highways were within the prescribed parameters with only ten percent of all pavement types with a pavement condition index below 40.

WSDOT uses the following scale for Pavement Structural Condition (PSC):

Category	PSC Range	Description
Very Good	80 – 100	Little or no distress. Example: Flexible pavement with 5% of wheel track length having "hairline" severity alligator cracking will have a PSC of 80.
Good	60 - 80	Early stage deterioration. Example: Flexible pavement with 15% of wheel track length having "hairline" alligator cracking will have a PSC of 70.
Fair	40 - 60	This is the threshold value for rehabilitation. Example: Flexible pavement with 25% of wheel track length having "hairline" alligator cracking will have a PSC of 50.
Poor	20 - 40	Structural deterioration. Example: Flexible pavement with 25% of wheel track length having "medium (spalled)" severity alligator cracking will have a PSC of 30.
Very Poor	0 - 20	Advanced structural deterioration. Example: Flexible pavement with 40% of wheel track length having "medium (spalled)" severity alligator cracking will have a PSC of 10. May require extensive repair and thicker overlays.

The PSC is a measure based on distresses such as cracking and patching, which are related to the pavement's ability to carry loads. Pavements develop structural deficiencies due to truck traffic and cold weather. WSDOT attempts to program rehabilitation for pavement segments when they are projected to reach a PSC of 50. A PSC of 50 can occur due to various amounts and severity of distress. For rigid pavements (such as Portland cement concrete), a PSC of 50 represents 50 percent of the concrete slabs exhibiting joint faulting with a severity of 1/8 to 1/4 inch (faulting is the elevation difference at slab joints and results in a rough ride – particularly in large trucks). Further, a PSC of 50 can also be obtained if 25 percent of concrete slabs exhibit two to three cracks per panel.

The International Roughness Index (IRI) uses a scale in inches per mile. WSDOT considers pavements with a ride performance measures greater than 220 inches per mile to be in poor condition. For example, new asphalt overlays typically have ride values below 75 inches per mile, which is very smooth.

Rutting is measured in millimeters: a pavement with more than 12 millimeters of rutting is considered in poor condition. The three indices (PSC, IRI, and Rutting) are combined to rate a section of pavement, which is assigned the lowest category of any of the three ratings.

The following table shows the combined explanatory categories and the ratings for each index.

Category	PSC	IRI	Rutting
Very Good	100 – 80	< 95	< 4
Good	80 – 60	95 – 170	4 – 8
Fair	60 – 40	170 – 220	8 – 12
Poor	40 – 20	220 – 320	12 – 16
Very Poor	0 – 20	> 320	> 16

Since 1999, WSDOT has used an automated pavement distress survey procedure. In the automated survey, high-resolution video images are collected at highway speed and these video images are then rated on special workstations at 3-6 mph speed. This change has also resulted in a more detailed classification and recording of various distresses that are rated.

Pavement condition surveys are generally conducted in the fall of each year, then analyzed during the winter and spring, with the previous year's results available in July each year. In 2004, WSDOT rated pavement condition on 17,762 of the 20,003 lane miles of highway. The chart on the following page shows recent pavement condition ratings for the State Highway System, using the combination of the three indices described above.

Condition Rating of Washington State Department of Transportation's Pavement

Percentage of Pavement in Fair or Better Condition	2004*	2003*	2002*	2001*	2000*
Statewide - Chip Seals	86	86	89	89	92
Statewide - Asphalt	92	91	91	92	95
Statewide - Concrete	85	93	92	92	92
Statewide - All Pavements	90	90	91	91	94

Percentage of Pavement in Poor or Very Poor Condition	2004*	2003*	2002*	2001*	2000*
Statewide - Chip Seals	14	14	11	11	8
Statewide - Asphalt	8	9	9	8	5
Statewide - Concrete	15	7	8	8	8
Statewide - All Pavements	10	10	9	9	6

* Calendar year data. Assessments are typically made in the fall of each year, and verified during the winter and spring, with final results available in July. Years indicated are when the physical assessment was done in the fall.

Note: The All Pavements percentages are calculated from total database averages, not a statistical average of the three pavement type percentages. Numbers are rounded to full percentage points.

New for 2005 – IRI or rutting not used for sections identified as under construction in rating distress.

More information about pavement management at the Department of Transportation may be obtained at:
http://www.wsdot.wa.gov/biz/mats/pavement/structural.htm

Bridge Condition

During Fiscal Year 2005 there were 3,082 state-owned vehicular structures over twenty feet in length with a total area of 43,818,935 square feet. In addition to bridges, the 3,082 structures include 77 culverts and 30 ferry terminal structures. All bridges are inspected on a two to four year interval, with no more than 10 percent of the bridges inspected less than every three years. Divers inspect underwater bridge components at least once every five years in accordance with Federal Highway Administration (FHWA) requirements. Special emphasis is given to the ongoing inspection and maintenance of major bridges representing a significant public investment due to size, complexity or strategic location. Information related to public bridges is maintained in the Washington State Bridge Inventory System (WSBIS). This system is used to develop preservation strategies and comprehensive recommendations for maintenance and construction, and for reporting to the FHWA.

WSDOT's policy is to maintain 95 percent of its bridges at a structural condition of at least fair, meaning that all primary structural elements are sound. The most recent assessment found that state-owned bridges were within the prescribed parameters with 98 percent having a condition rating of fair or better and only 2 percent of bridges having a condition rating of poor. Bridges rated as poor may have structural deficiencies that restrict the weight and type of traffic allowed. No bridges that are currently rated as poor are unsafe for public travel. Any bridges determined to be unsafe are closed to traffic. WSDOT had no closed bridges as of June 30, 2005.

WSDOT's Bridge Seismic Retrofit Program prioritizes state bridges for seismic retrofit, and performs these retrofits as funding permits. Retrofit priorities are based on seismic risk of a site, structural detail deficiencies, and route importance. In 1991, 937 bridges were classified as needing retrofitting and were included in the Seismic Retrofit Program. From 1991 to the end of June 2005, WSDOT has fully or partially retrofitted 368 bridges. Of those, 191 are completely retrofitted, 162 are partially retrofitted, and 15 are under contract to be retrofitted.

The following condition rating data is based on the structural sufficiency standards established in the FHWA "Recording and Coding Guide for the Structural Inventory and Appraisal of the Nation's Bridges." This structural rating relates to the evaluation of bridge superstructure, deck, substructure, structural adequacy and waterway adequacy. Three categories of condition were established in relation to the FHWA criteria as follows:

Category	National Bridge Inventory Code	Description
Good	6, 7, or 8	A range from no problems noted to some minor deterioration of structural elements.
Fair	5	All primary structural elements are sound but may have deficiencies such as minor section loss, deterioration, cracking, spalling or scour.
Poor	4 or less	Advanced deficiencies such as section loss, deterioration, cracking, spalling, scour or seriously affected primary structural components.

Note: Bridges rated in poor condition may be restricted for the weight and type of traffic allowed.

Condition Rating of Washington State Department of Transportation's Bridges

Percentage of Bridges in Fair or Better Condition

Bridge Type	2005	2004	2003	2002	2001
Reinforced Concrete (1,300 bridges in FY 2005)	98.6	98	98	97	96
Prestressed Concrete (1,296 bridges in FY2005)	99.5	99.5	99.5	99.5	99
Steel (348 bridges* in FY 2005)	94.3	93	93	92	91
Timber (63 bridges in FY 2005)	69.2	70	69	70	71
Statewide - All Bridges (3,007 out of 3,082 bridges in FY 2005)	97.6	97.4	97	96.7	96

Percentage of Bridges in Poor Condition

Bridge Type	2005	2004	2003	2002	2001
Reinforced Concrete (19 bridges in FY 2005)	1.4	2	2	3	4
Prestressed Concrete (7 bridges in FY 2005)	0.5	0.5	0.5	0.5	1
Steel (21 bridges* in FY 2005)	5.7	6.5	7	8	9
Timber (28 bridges in FY 2005)	30.8	30	31	30	29
Statewide - All Bridges (75 out of 3,082 bridges in FY 2005)	2.4	2.6	3	3.3	4

*****The steel bridge ratings for FY2005 include 24 ferry terminal structures rated as fair or better and six ferry terminal structures rated as poor. While the terminals are included in a depreciable asset category, they are included here with bridge condition information since they are evaluated by the WSDOT Bridge Office on a periodic basis.

Note: Bridges rated as poor may have structural deficiencies that restricted the weight and type of traffic allowed. WSDOT currently has 12 posted bridges and 146 restricted bridges. Posted bridges have signs posted which inform of legal weight limits. Restricted bridges are those where overweight permits will not be issued for travel by overweight vehicles. Refer to http://www.wsdot.wa.gov/freight/mcs/ for more information. Any bridges determined to be unsafe are closed to traffic. WSDOT had no closed bridges as of June 30, 2005.

Additional information regarding the Department of Transportation's bridge inspection program may be obtained at: http://www.wsdot.wa.gov/eesc/bridge/index.cfm

Emergency Air Field Condition

The Washington State Department of Transportation (WSDOT), through its Aviation Division is authorized by RCW 47.68.100 to acquire and maintain airports. Under this authority, WSDOT owns eight emergency airfields and leases several others. Most of the airfields are located near or adjacent to state highways and range in character from paved to gravel or turf. The prime task of the airfields is to provide emergency facilities. Two airfields are in operational condition 12 months of the year, with five operational from June to October each year. One is only available for emergency search and rescue use. In accordance with WSDOT policy, maintenance is done on each airfield annually to keep it at its existing condition of use. Each airfield is inspected a minimum of three times per year.

The definitions below form the rating criteria for the current airfield condition ratings which follow.

Category	Definition
General Use Community Airport	An airport with a paved runway capable of handling aircraft with a maximum gross certificated takeoff weight of 12,500 pounds.
Limited Use Community Airport	An airport with an unpaved runway capable of handling aircraft with a maximum gross certificated takeoff weight of 12,500 pounds.
General Recreational Use Airport	An airport with a turf (unpaved) runway near access to recreational opportunities with capacity for aircraft less than 12,500 pounds.
Limited Search and Rescue Forward Operating Location	An airport with a landing pad only capable of accommodating rotorcraft.

Condition Rating of Washington State Emergency Airfields

	Number of Airports
Owned airports:	
Acceptable for general use as a community airport	1
Acceptable for limited use as a community airport	1
Acceptable for general recreation use	5
Limited search and rescue forward operating location	1
Total owned airports	8

	2005	2004	2003	2002	2001
Percentage of airports acceptable for general recreational use or better	88	88	88	88	88
Percentage of airports not acceptable for general recreational use or better	12	12	12	12	12

Note: One airport is open only as a limited search and rescue operating location and is expected to remain in that status.

For pictures of specific airfields, refer to the Department of Transportation's website at:

http://www.wsdot.wa.gov/Aviation/airports/default.htm

Information about Infrastructure Assets Reported Using the Modified Approach

Comparison of Budgeted-to-Actual Preservation and Maintenance

For the Fiscal Year Ended June 30, 2005
(expressed in thousands)

	FY 2002			FY 2003		
Pavements						
	Budget	Actual	Variance	Budget	Actual	Variance
Preservation	$ 134,810	$ 127,946	$ 6,864	$ 119,160	$ 123,883	$ (4,723)
Maintenance	23,746	19,485	4,261	22,796	24,123	(1,327)
Total	$ 158,556	$ 147,431	$ 11,125	$ 141,956	$ 148,006	$ (6,050)
Bridges						
Preservation	$ 24,270	$ 16,307	$ 7,963	$ 22,460	$ 23,988	$ (1,528)
Maintenance	11,430	11,012	418	11,222	12,853	(1,631)
Total	$ 35,700	$ 27,319	$ 8,381	$ 33,682	$ 36,841	$ (3,159)
Emergency Air Fields						
Preservation & Maint.	$ 70	$ 64	$ 6	$ 70	$ 58	$ 12

In addition to increasing and improving the state highway system, WSDOT places a high priority on preserving and maintaining the current highway system. WSDOT breaks out preservation and maintenance into two separate functions. Preservation can be described as projects that maintain the structural integrity of the existing highway system including roadway pavements, safety features, bridges, and other structures/facilities. The Maintenance function handles the day-to-day needs that occur such as guardrail replacement, patching pot holes, installing signs, vegetation control, etc.

In 1996 WSDOT embarked on an initiative to use outcome based performance measures for evaluating the effectiveness of the Maintenance Program. The Maintenance Accountability Process (MAP) is a comprehensive planning, measuring and managing process that provides a means for communicating the impacts of policy and budget decisions on program service delivery. WSDOT uses it to identify investment choices and affects of those choices in communicating with the legislature and other stakeholders. The MAP measures and communicates the outcomes of 34 distinct highway maintenance activities. Maintenance results are measured via field condition surveys and reported as Level of Service (LOS) ratings, which range from A to F. LOS targets are defined in terms of the condition of various highway features (i.e. percent of guardrail on the highway system that is damaged) and are set commensurate with the level of funding provided for the WSDOT highway maintenance program. More information about MAP may be obtained at: http://www.wsdot.wa.govaintenance/accountability.htm.

Notes: Numbers for the Pavement and Bridges budget amounts are calculated based on the 2003-2005 biennial plan as shown in the WSDOT May 2005 *Monthly Financial Report* for sub-programs P1 (Roadway Preservation), P2 (Structures Preservation), and M2 (Roadway, Bridge & Tunnel maintenance). For FY 2005, the annual budget amount was calculated as half the biennial amount plus any FY 2005 increase to the budget. The Preservation budgeted and actual amounts were adjusted for capitalized infrastructure and equipment in FY 2005.

The emergency airfields (program F3, State Airport Construction and Maintenance) budget amount came from the same sources as for pavements and bridges described above but is only one-fourth of the biennial total plus 1/2 of the FY 2005 increase to the budget.

The state implemented the requirements of Statement Number 34 of the Governmental Accounting Standards Board (GASB), including the provisions related to capitalizing and reporting infrastructure on the modified approach, in Fiscal Year 2002. While budget to actual information is not available for years prior to Fiscal Year 2002 using the GASB definitions of preservation and maintenance, historical budget to actual information for the entire Construction and Maintenance programs is available by contacting the WSDOT Budget Office at (360) 705-7500.

FY 2004			FY 2005		
Budget	Actual	Variance	Budget	Actual	Variance
$ 116,902	$ 107,229	$ 9,673	$ 118,055	$ 122,868	$ (4,813)
21,254	18,064	3,190	20,657	18,715	1,942
$ 138,156	$ 125,293	$ 12,863	$ 138,712	$ 141,583	$ (2,871)
$ 30,637	$ 24,780	$ 5,857	$ 16,768	$ 14,332	$ 2,436
11,292	11,267	25	11,159	11,151	8
$ 41,929	$ 36,047	$ 5,882	$ 27,927	$ 25,483	$ 2,444
$ 70	$ 71	$ (1)	$ 108	$ 129	$ (21)